

# MANAGEMENT'S DISCUSSION & ANALYSIS

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“ I ENJOY THE CHALLENGE, AND IT KEEPS ME OUT OF TROUBLE!

— P.J. Johnson (Air Force)

**F**rom 1958 – 1978, P.J. served in Air Force telecommunications. Now, he expresses himself by hand carving land vehicles. He placed 3rd in the 2012 National Veterans Creative Arts competition with his WWII Jeep and trailer.

When he arrived at AFRH-G 10 years ago, he got interested in art and learned how to craft a train from wood. “Practice makes perfect. I spend 40 hours a week making mail trucks, clocks, watches, etc.” For his six nephews, he’s made smaller versions, including dump trucks, bulldozers, and golf carts.

P.J. finds great satisfaction in his hobby. He especially enjoys giving back to the community by donating many creations to Toys for Tots at Christmas via the Seabees. And, to show his appreciation for female AFRH staff, P.J. crafts wooden tulips for their offices and break rooms.

He’s even created a custom cabinet for his room. Other residents marvel at his talents, claiming they could never create such works of art. His response: “You’ll never know unless you try.”



# SENSIBLE OVERSIGHT



## ORGANIZATION

The AFRH is an independent establishment in the Federal Executive branch, established under 24 USC Chapter 10. It operates like most private retirement facilities. On the corporate level, the COO leads experienced staff who formulate organizational policy and procedures.

The COO is subject to the authority, direction, and control of the Secretary of Defense, delegated to the Under Secretary of Defense (Personnel & Readiness) and the Principal Deputy Under Secretary of Defense (Military Community and Family Policy).

The Agency directs an Administrator at each community who manages independently all operations of resident life. Administrators make their own tactical operational decisions, manage their facilities, and respond to local resident requirements. Yet, Administrators all report directly back to the COO.

This business arrangement promotes smart, strategic decisions that help advance the overall organization, while it also fosters effective communications that keep Congress and AFRH constituents informed.

## ADVISORY COUNCIL

The Advisory Council was reconfigured via Federal legislation. It is comprised of full-time Federal employees or members of the Armed Forces. The Council's role is to provide guidance and recommendations to AFRH on the administration of the Home and the quality of care that is provided to residents.

The Council's two annual meetings allow AFRH management to familiarize members with the AFRH goals, objectives, challenges, and opportunities. The Council met at AFRH-W in November 2011 and at AFRH-G in April, 2012. Its members lend their expertise and knowledge of military- and medical-related concerns for all aspects of resident life. The Council presents an Annual Report to the DoD featuring its observations and recommendations.

THE AFRH HAS SUCCESSFULLY ADDRESSED ITEMS IN ONE YEAR THAT OTHER ORGANIZATIONS WERE NOT ABLE TO ACCOMPLISH IN FIVE YEARS.

— CARF Survey, Nov. 2011  
(cited in Advisory Council Annual Report)

**AFRH Advisory Council Report**  
[https://www.afrh.gov/afrh/about/par/AC/Annual Report to DOD Jun20 2012.pdf](https://www.afrh.gov/afrh/about/par/AC/Annual%20Report%20to%20DOD%20Jun20%202012.pdf)

## STRUCTURE

The AFRH communities follow corporate guidance and operate under the 'One Model' of business operations at the local level. This Model stipulates that each community has the same type of staffing, policies, procedures, and standards of care.

Ultimately, this will ensure that both communities deliver a high level of care in a similar environment. So, if a resident wishes to transfer from one community to another, he or she will still receive the same excellent care.



[From Public Law] – 24 USC 10, Section 411 Establishment of Armed Forces Retirement Home  
(b) Purpose – The purpose of the Retirement Home is to provide, through the Armed Forces Retirement Home-Washington and the Armed Forces Retirement Home-Gulfport, residences and related services for certain retired and former members of the Armed Forces.



Two AFRH Locations

# CHEERFUL SANCTUARIES

THE ORIGINAL NOTION OF AN 'ASYLUM' TO CARE FOR AMERICA'S FORMER MILITARY HAS EVOLVED OVER TIME—THE BUILDINGS AND ENVIRONMENTS HAVE CERTAINLY FOLLOWED SUIT. OVER THE DECADES, THE HOME'S CARETAKERS HAVE REPLACED LIGHT-DUTY WORKSHOPS AND WORKING FARMS WITH MANICURED GOLF COURSES AND SCENIC WALKING TRAILS. AND LARGE INSTITUTIONS AND CLOSED GATES WERE REPLACED WITH INTIMATE HOMES AND OPEN COMMUNITIES. OUR VETERANS TRULY DESERVE SUCH AMENITIES GIVEN THEIR MANY SACRIFICES IN DEFENDING AMERICA.

## GULFPORT, MS Scenic Oceanfront Retreat

AFRH-G is located on 47 acres off the Gulf Coast in a relaxed southern setting. Sandy beaches, waterfront views, beautiful sunrises, and a charming town surround our Gulfport home. In a relaxed southern setting, this Home is situated right on the Mississippi Sound, a dynamic fishing and leisure spot.

Residents can drive or take public transport to great restaurants, exciting casinos, friendly neighborhoods, boutique shops, and more. They enjoy surf fishing, great shopping, beach walks, a dip in the pool, or relaxing on their private balcony overlooking the Gulf.

**STATUS:** This modern complex has been fully operational for two years. It was designed to be an energy-efficient building with modern conveniences. It was also constructed to withstand the effects of a Category 5 hurricane. And for good reason: AFRH-G had its first test in August 2012 when Hurricane Isaac (Category 1) hit the Gulf Coast region. The outcome: this new building proved to be most resilient.

Learn about AFRH-G enhancements to deliver PCC.  
<https://www.afrh.gov/afrh/gulf/gulfcampus.htm>

Today, the AFRH is so much more than a shelter—it is a warm, comfortable, and friendly place to call home. We currently have two modern AFRH senior living communities: one in Gulfport, MS and one in Washington, DC. Both campuses feature modern designs and comfortable amenities. Plus, both healthcare facilities embrace many elements of the new small house concept for modern retirement and resident care. This puts the AFRH one step closer to its vision for a person-centered home.

## WASHINGTON, DC Dynamic Urban Oasis

AFRH-W encompasses 272 scenic acres right in the heart of Northwest Washington, DC. Beautiful trees, majestic views, tranquil wildlife, and historic landmarks surround our Washington home. In a warm, country setting, it is nestled in the heart of our Nation's Capital, a vibrant metropolis. Venture off campus and you're just minutes from the Metro, bus line, White House, monuments, theaters, museums, pro sports teams, and more.

We take our residents on fascinating daytrips to the Smithsonian Museums, we catch exciting ball games at Nationals Park, and we tour the remarkable historic sites of Washington. We have special music performances on campus, and we see shows at the famous Kennedy Center. Plus, the residents enjoy following the Redskins, Wizards, and Capitals, too.

**STATUS:** This community is in a positive transition. Throughout 2012, AFRH-W entered the final phase of the Scott Project, which includes a brand new Scott Building and vital renovations to Sheridan Building. Plus, an exterior elevator is being added to the 1960 Sheridan Building to accommodate AL relocation.

“

YOU COULDN'T DRAG ME  
OUTTA HERE. I TEACH  
COMPUTERS, HELP RESIDENTS,  
CREATE VIDEOS, BIKE RIDE,  
AND SOCIALIZE DAILY.

— Neil Ferguson (Navy)

Learn about AFRH-W construction to deliver PCC.  
<https://www.afrh.gov/afrh/wash/washcampus.htm>



## Our Remarkable Residents

# ZESTFUL INDIVIDUALS

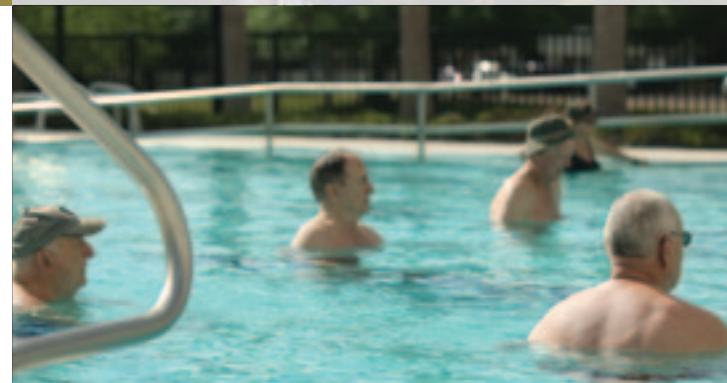
THE AFRH RESIDENTS ARE AS UNIQUE AS THEY ARE ALIKE. MANY PASSIONATELY PURSUE AN AVID INTEREST OR HOBBY. MOST REVEL IN THE MILITARY CAMARADERIE AVAILABLE HERE AT THE HOME. AND ALL HAVE DUTIFULLY SERVED OUR COUNTRY IN MILITARY SERVICE—EITHER AS CAREER PROFESSIONALS OR BATTLEFIELD WARRIORS. ALL TOLD, THEY SHARE THE COMMON EXPERIENCE OF DEFENDING OUR FREEDOMS, TRAVELING THE WORLD, MAKING HISTORY, AND SERVING AS VITAL LIVING LEGACIES.



The AFRH provides residents with a wide range of events, programs, and activities that promote socialization as well as health and wellness. The aim of this progressive living environment is to promote vitality throughout the aging process. The result: many 90-year-old residents still travel, exercise, and join in a wide range of recreation.

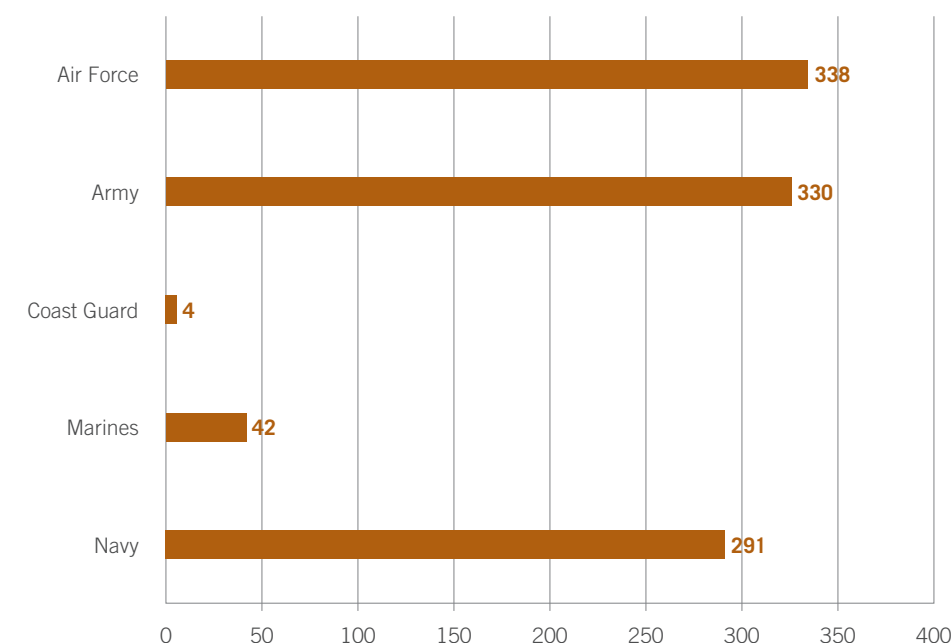


Active residents just love our bowling center, fitness center, golf tournaments, fishing derbies, Senior Olympics, softball games, and more. Creative types love making projects in our hobby shops, such as ceramics, leather, automotive, and woodworking. All the rest enjoy dances, movies, daytrips, and speakers. Naturally, there's always time for a refreshing walk, invigorating swim, card game, chess match, or game of pool.



Our residents find joy in fishing, cycling, dancing, bowling, sports, and art.

**Resident branches:** All branches of service are represented



Melvin Shoemaker (Army), a proud Vietnam veteran, mingles at our community picnic.

## AFRH ELIGIBILITY

### Persons eligible to be residents:

Persons who served as members of the Armed Forces, at least one-half of whose service was not active commissioned service (other than as a warrant officer or limited-duty officer), are eligible to become residents of the Retirement Home.

- » Persons who are 60 years of age or over; and were discharged or released from service in the Armed Forces under honorable conditions after 20 or more years of active service.
- » Persons who are determined under rules prescribed by the Chief Operating Officer to be incapable of earning a livelihood because of a service-connected disability incurred in the line of duty in the Armed Forces.
- » Persons who served in a war theater during a time of war declared by Congress or were eligible for hostile fire special pay and were discharged or released from service in the Armed Forces under honorable conditions; and are determined under rules prescribed by the Chief Operating Officer to be incapable of earning a livelihood because of injuries, disease, or disability.
- » Persons who served in a women's component of the Armed Forces before June 12, 1948; and are determined under rules prescribed by the Chief Operating Officer to be eligible for admission because of compelling personal circumstances.

Married couples are welcome, but both must be eligible in their own right.

### Persons ineligible to be residents:

A person who has been convicted of a felony or is not free of drug, alcohol, or psychiatric problems shall be ineligible to become a resident of the Retirement Home.

<sup>6</sup> Per 24 USC 10, Section 412

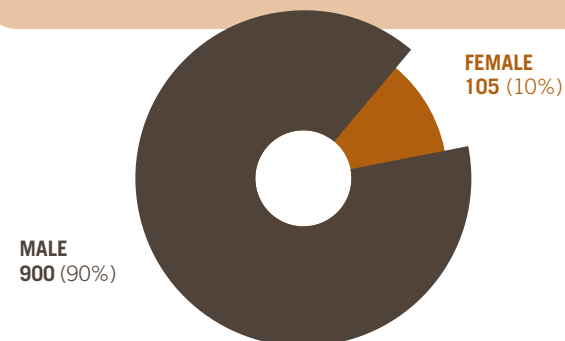


# PURPOSEFUL ENDEAVORS

THE AFRH RESIDENTS ARE PATRIOTS THROUGH AND THROUGH. AND THEY CONTINUE TO SERVE AMERICA BY HONORING THE RICH HERITAGE OF THE US ARMED FORCES. THEY RIDE IN MILITARY PARADES, LAY WREATHES ON NATIONAL DAYS OF MOURNING, AND REACH OUT IN THE COMMUNITY TO CONTINUE TO SERVE OTHERS IN MANY WAYS.

The residents' widespread patriotism greatly supports one key guiding principle at the AFRH: 'Honor Heritage'. For instance, Gulfport residents eagerly showcase their military careers and memorabilia in the AFRH-G Hall of Honor. Likewise, AFRH-W residents are making eager preparations for the new Scott Building's Hall of Honor. In planning dedicated museum space at both facilities, our residents can both contribute to, and reap great enjoyment from, the colorful sights and sounds of America's rich military past.

## Resident Gender: most are single males



## Resident war theaters: they have fought in conflicts since WWII.

### BY WARTHEATER\*

**World War II:** 340 (25%)  
**Korean War:** 448 (34%)  
**Vietnam:** 523 (39%)  
**Grenada:** 10 (1%)  
**Panama:** 13 (1%)  
**Gulf War:** 5 (1%)

### BY ELIGIBILITY\*\*

**Retiree:** 809 (81%)  
**Service-connected Disability:** 53 (5%)  
**War Theater:** 90 (9%)  
**Female (served before 1948):** 53 (5%)

\*\*About 1/4 retirees also have service-connected disabilities

\*Some were in more than 1 war



I MADE MY HAT OUT OF MOSS, GRAPEVINE LEAVES, AND FLOWERS.

— Sally Manning (Navy)

“

I SERVED ON THE USS MISSOURI WHEN PRESIDENT TRUMAN SENT US OVER TO KOREA. DURING THE MISSION MY DAUGHTER WAS BORN—AND I ONLY FOUND OUT BY TELEGRAPH TWO DAYS LATER.

— Jim Webster (Navy)



When the earthquake damaged the cafeteria, meals were served in the fitness center managed by Jerry Carter. So residents dubbed it ...



## Our Proficient Staff

# DEDICATED SUPPORT

“ AFRH STAFF MEMBERS LISTEN TO RESIDENTS AND ACTIVELY SEEK WAYS TO BETTER COMMUNICATE WITH THEM.

“ STAFF TRULY OPERATE UNDER PCC AND ARE CONSIDERED VALUED MEMBERS OF THE MANAGEMENT TEAM.

— Advisory Council (Annual Report)



## MINDFUL CARE

The AFRH is a high-performance agency thanks to its wonderful staff. In fact, our culture change to PCC is a success thanks to their dedication and flexibility. This comes as no surprise to visitors of the Home, who often remark that our staff members truly care about America’s veterans. Moreover, staff success is most evident from the objective observations that are quoted on this spread:

“

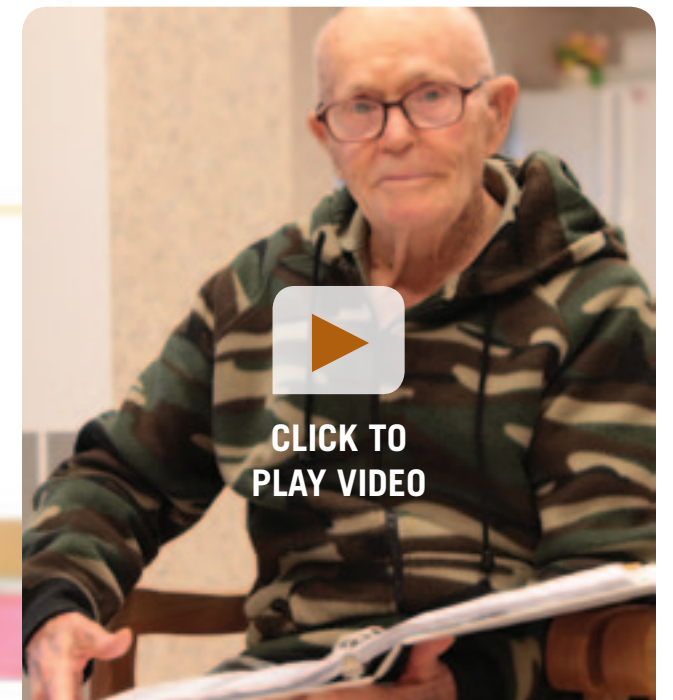
Staff members enjoy the work they do, are concerned about residents, and respect and listen to their desired choices. Employees at all levels were found to be dedicated and compassionate with a generous heart for serving (while being) open to innovation. This is truly a ‘learning organization’.

— CARF Survey (Nov. 2011)

Still, motivating the staff to make needed changes has always been an ongoing challenge. So, when managers met in 2011 to develop the AFRH Strategic Plan, they created a new goal: work closely with the staff. In the 2012 update, half of the session was devoted to expanding concepts to empower the staff. We adopted new actions to improve our working relations and created new opportunities for growth. Now AFRH employees are more dedicated than ever. They have found new meaning in their work and management has seen little turnover.

Some team members are not full-time employees but contractual staff. In reality, many of the resident services that are not deemed ‘core competencies’ are delivered via AFRH strategic partners. Those services include transportation, facility maintenance, landscaping, food service, healthcare, personnel, finance, strategic planning, marketing, and IT. Our consultants and part-time help work side-by-side with management to provide seamless service.

In the end, all who pass through the AFRH-Gulfport Beach Boulevard entrance or the AFRH-Washington Eagle Gate can’t help but feel a strong, heartfelt devotion to our patriots.



CLICK TO PLAY VIDEO

Discover the fascinating life of Fay Steele (Army / Air Force) in this 2012 Tribute Video.

## AFRH Staff: fluctuations have mirrored resident resizing.



### FULL-TIME EQUIVALENTS

**2006:** The significant reduction in FTE was a result of Hurricane Katrina and the closure of the Gulfport Facility.

**2010:** Slight growth began as the result of opening Gulfport.

“

TEAMWORK WAS EVIDENT (BETWEEN THE STAFF OF BOTH HOMES).

— CARF Survey (Nov. 2011)





# CONSIDERATE PLANNING

SINCE 2002, AFRH MANAGEMENT HAS SUCCESSFULLY MAPPED A CLEAR AND STEADY COURSE FOR THE AGENCY'S GROWTH AND EVOLUTION. ORIGINALLY, THE COO & CFO CRAFTED OUR INITIAL STRATEGY INCLUDING THE AGENCY MISSION, VISION, AND GUIDING PRINCIPLES. SINCE THEN, THESE KEY DRIVERS HAVE UNDERGONE PERIODIC REFINEMENT TO HELP MAKE THE AFRH A MORE HIGH-PERFORMANCE ORGANIZATION.

The nearly 20-year-old Government Performance and Results Act (GPRA) required agencies to create multi-year strategic plans, performance plans, and an annual performance report. This Act has also undergone refinement. The new Government Performance Results Modernization Act (GPRMA) of 2010 updates the original law. It prescribes a new government-wide planning and reporting effort, plus it requires the plans, programs, and performance information to be linked.

The AFRH has been maintaining its strategy over the past nine years in this manner. In 2012, the AFRH stressed the expansion of its Performance Improvement program, which is a prominent aspect of the new legislation. Learn more about the GPRMA at: <http://purl.fdlp.gov/GPO/gpo4950>.



The Obama administration aims to achieve results.

We worked for a full year on the FY11-15 Strategic Plan, which embodies the Agency's new PCC vision. In FY12, we updated this Plan to hone objectives in two primary goals: Maintain Exceptional Stewardship and Promote a Staff-centered Environment.

## AFRH VISION, MISSION & PRINCIPLES:

See Page 3 or <https://www.afrh.gov/afrh/about/about.htm>

## SHIFTING TO PERSON-CENTERED

The field of senior care has experienced a very dramatic cultural shift in the past several years. A new movement now seeks to deliver services that revolve around each individual's unique needs. It is called Person-centered Care (PCC), and its advocates are dedicated to transforming institutional settings and dated modes of care into modern, home-like environments. Further, the voices of both seniors and their caregivers are honored and respected.

The AFRH has adopted the philosophy of PCC and its core values, which now guide all management and staff decisions. These values include: choice, dignity, respect, self-determination, and purposeful living. As the AFRH transforms into more home-like communities, PCC values play a vital role in steering the Agency's vision.

Learn more about [Person-centered Care](https://www.afrh.gov/afrh/about/AFRH%20Person-centered%20Care_May2011.pdf) at: [https://www.afrh.gov/afrh/about/AFRH%20Person-centered%20Care\\_May2011.pdf](https://www.afrh.gov/afrh/about/AFRH%20Person-centered%20Care_May2011.pdf)

Residents offer input on diverse topics like landscaping and post office boxes.

“

WE TRY VERY HARD TO IMPLEMENT EVERY RESIDENT SUGGESTION FOR A TRIP OR ACTIVITY.

— AFRH Staff

“

I DROVE A RESIDENT'S PERSONAL ITEMS TO THE HOSPITAL TO REDUCE HIS AGITATION. I STAYED WITH HIM TILL HE WAS VERY CALM.

— AFRH Nurse

## KEY STRATEGIC PERFORMANCE GOALS

### Embrace Resident-centered Care

Each person will understand each resident's individual needs and take realistic action to fulfill them within AFRH resources and capabilities.

### Maintain Exceptional Stewardship

Pursue and implement innovative ways to deflect, reduce, and manage costs by maximizing assets, resources, and programs to fulfill needs and wishes of current / future residents.

### Promote a Staff-centered Environment

Expand staff knowledge that directly impacts the accountability and efficiency of the Agency, which will in turn empower all employees to be proactive.

### Leverage External Stakeholders

Harness, cultivate, and focus our external stakeholders to become increasingly active participants who are engaged in AFRH operations in each of the next five years.

Learn more about the forward-thinking [AFRH Strategy](https://www.afrh.gov/afrh/about/strategic2011-2015.pdf) at: <https://www.afrh.gov/afrh/about/strategic2011-2015.pdf>





# DELIGHTFUL RESULTS

AT THE AFRH, WE EMPHASIZE THE IMPORTANCE OF TOP PERFORMANCE RESULTS. WHILE WE'VE MADE GREAT STRIDES IN THE PAST DECADE, WE ARE ALWAYS ACTIVELY IMPROVING THE ORGANIZATION TO PROVIDE THE VERY BEST SERVICES TO AMERICA'S VETERANS. TO CONTINUE OUR GROWTH AND EVOLUTION, WE UTILIZE A NUMBER OF TOOLS AND RESOURCES TO ENSURE POSITIVE OUTCOMES, WHICH ARE LISTED BELOW.

## STRATEGIC PLAN

The true measure of great performance is having it stem from, and tie back to, the AFRH Strategic Plan. So, from our Key Strategic Performance Goals we have developed Business Plans at the corporate level and for each community. These Business Plans yield action plans for each year. Then we follow monthly updates to ensure solid progress.

Staff performance reviews are another essential component to assessing yearly performance. Each review is linked back to Key Strategic Performance Goals to ensure that all members are fulfilling our vision. Further, each staff is trained annually about our performance management system so they can understand how their personal contribution fits into the larger AFRH strategy. In FY12, special emphasis was placed on clearly explaining the key concepts of PCC in our annual training.

On the corporate level, the AFRH has the Internal Control Board (ICB) to measure performance. High-risk areas are monitored and reported back to the ICB. On the campus level we have a Performance Improvement (PI) program to track progress, and it includes periodic reviews of performance indicators such as our Key Strategic Performance Goals.

Finally, the AFRH is inspected annually by outside accrediting bodies or the AFRH IG, and also by the Office of Personnel Management (OPM). The AFRH IG maintains documentation for Agency accreditation and manages issues, risks, and quality improvement derived from inspections. In FY12, the DoD IG had inspected both AFRH communities and the AFRH corporate office.

## PERFORMANCE IMPROVEMENT PLANS

The Federal government, through [Performance.gov](#), strives to improve the system to be more effective, efficient, innovative, and responsive. The Obama Administration is committed to investing in what works—and fixing or cutting what does not. These efforts are ongoing and they demand vigilance. Also, government leaders are accountable for achieving measurable results—from cutting the cost of program delivery to realizing progress on top priorities.

The AFRH has stepped up its commitment to performance improvement. In FY12, the AFRH formed a Corporate Performance Improvement Officer position per the GPRMA. Each campus has a Performance improvement (PI) group, and this year each group revamped its risk factors and formulated mitigation plans. Soon, these tools will improve performance.

“

I'M THE ONLY RESIDENT THAT PLAYS SENIOR SOFTBALL AT CATHOLIC UNIVERSITY.

— Phyllis Bradford (Marines)

### Performance Measures for Key Strategic Performance Goals

	FY08	FY09	FY10	FY11	FY12
Goal: <b>EMBRACE RESIDENT-CENTERED CARE</b>					
Accreditation*	Met	Met	Met	Met	Met
% of resident satisfaction*	Met	Met	Met	Met	Met
% of resident assessment plans*	Met	N/A	Met	Met	Met
Goal: <b>MAINTAIN EXCEPTIONAL STEWARDSHIP</b>					
Trust Fund solvency	Met	Met	Met	Met	Met
Accuracy of financial reporting*	Met	Met	Met	Met	Met
Housing for veterans (Scott Project)	Met	Met	Met	Met	Met
Trust Fund growth**				Met	Met
Cost avoidance				Met	Met
Goal: <b>PROMOTE A STAFF-CENTERED ENVIRONMENT</b>					
Evidence of measurable training goals*	Met	Not Met	Met	Met	Met
% of Staff Climate Survey responses: 'Excellent or Very Good'	Met	Not Met	Not Met	Met	Met
Measurable evidence of growth beyond work activities				Met	Met
Achievable Person-centered Care				Met	Met
Goal: <b>LEVERAGE EXTERNAL STAKEHOLDERS</b>					
Congressional contacts				Met	Met
Annual community events				Met	Met

\* Target set before Strategy FY11-15    \*\*Meeting Trust Fund targets for expected growth

## ACHIEVEMENT MEASURES

As we did in past years, our financial management and resident satisfaction measures were successfully met. Now, our focus must shift to the Staff where we have not been as successful as we aimed to be.

### FY12 Accomplishments:

- » Management updated the comprehensive 10-year CIP
- » We added a CIP Master Landscape & Strategic Sustainability Plan
- » The vital Scott Project was kept on time and within budget

## HUMAN CAPITAL STRATEGIC PLAN

Part of our ongoing commitment to the staff includes following the AFRH Human Capital Strategic Plan (HCSP) for FY09-14. This key Plan fosters a summary of key human capital goals and actions. The annual Human Capital Management Report (HCMR) then chronicles our achievements and the enhancements that are planned each year.

For FY12, the AFRH was achieving its goals while increasing efficacy in all personnel matters. In fact, the AFRH was commended for 'Best Practices' by OPM in 2012 due to its strong link between strategy and human capital goals. OPM has encouraged the AFRH to assist other small agencies by sharing its successful practices and innovative tools.



## Resident Care Levels

# SKILLFUL TREATMENT

THE AFRH OFFERS ITS DISTINGUISHED RESIDENTS FIVE UNIQUE LEVELS OF CARE—FULLY PLANNED AND HIGHLY SKILLED CARE. EACH CARE LEVEL FEATURES A RANGE OF DYNAMIC PROGRAMS AND EXTENSIVE SERVICES TAILORED TO EACH RESIDENT'S NEEDS VIA PERSON-CENTERED CARE. THE FIVE DISTINCTIVE CARE LEVELS INCLUDE:



### INDEPENDENT LIVING

This is retirement living at its best. Residents are at liberty to roam on- and off-campus, as well as travel out of town at will. Or, they can simply enjoy the ample amenities and fun daily activities on campus.

### INDEPENDENT LIVING PLUS

Now our residents can thrive in a friendly, familiar environment and greatly enhance their quality of life. The residents may enjoy favorite activities, get vital support, and socialize with good friends—all in the safety and comfort of their home.

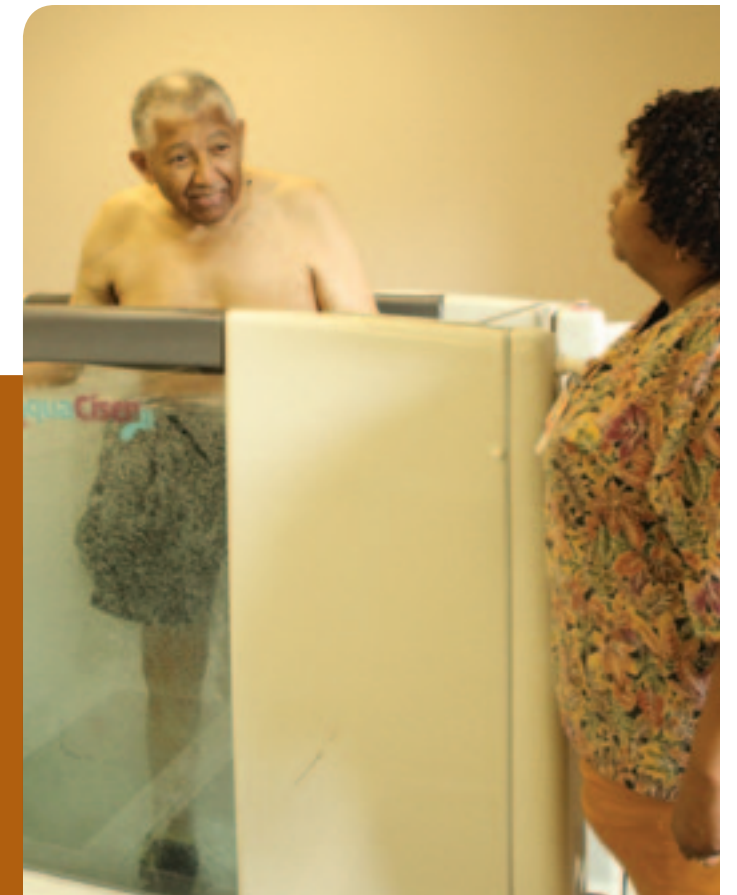
“

HOUSEKEEPING  
ALWAYS ARRIVES  
ON TIME AND WITH  
A SMILE.

— Anonymous Resident  
to the COO Suggestion Box

### ASSISTED LIVING

Here, residents can maintain as much independence as possible, while also receiving support care for certain daily functions and tasks. This may include help with bathing, dressing, eating, or even exercise.



### LONG TERM CARE

This is a high level of care for residents who become disabled or infirm. It offers them full assistance with daily activities and carefully monitored nursing. Each AFRH resident is eligible—regardless of financial ability.

### MEMORY SUPPORT

We offer specialty care for residents who contract memory problems, dementia, or Alzheimer's disease. Special attention is given to retaining cognitive skills and assisting residents with daily activities, as needed.





# CAREFUL STEWARDSHIP

THE AFRH TRUST FUND WAS CREATED BACK IN 1851 TO SAFEGUARD OUR NATION'S DEFENDERS AFTER SERVICE. THIS TRUST FUND IS THE MAIN SOURCE OF FUNDING FOR THE AFRH OPERATIONS BUDGET AND CAPITAL IMPROVEMENTS. THE UNITED STATES CONGRESS APPROVES ALL WITHDRAWALS FROM THE AFRH TRUST FUND AND THE SUBSEQUENT EXPENDITURES. OUR TRUST FUND IS THE MAIN REASON THE AFRH IS SELF-SUFFICIENT AND DOES NOT RELY ON TAXPAYER MONEY FOR ITS OPERATIONS.

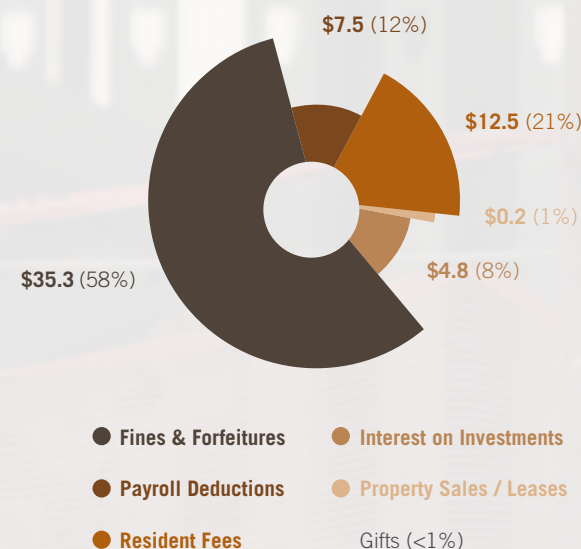
## The Trust Fund is fed by constant revenue from:

- » AFRH resident fees
- » Trust Fund Interest
- » Active duty payroll deductions (each Warrant Officer & Enlisted pays \$ .50 / mo.)
- » Fines & forfeitures: military personnel misconduct (58% of Trust Fund revenue)
- » Sale / Lease of property
- » Gifts (<1%)

Other revenue includes payments received from short-term leases of surplus buildings on the Washington campus that are not used by residents or the Agency as well as gifts (<1%). The Gulfport and Washington campuses also derive other income from room rentals and meals provided for visitors.

## AFRH FY12 Revenue Sources

(In Millions of \$)

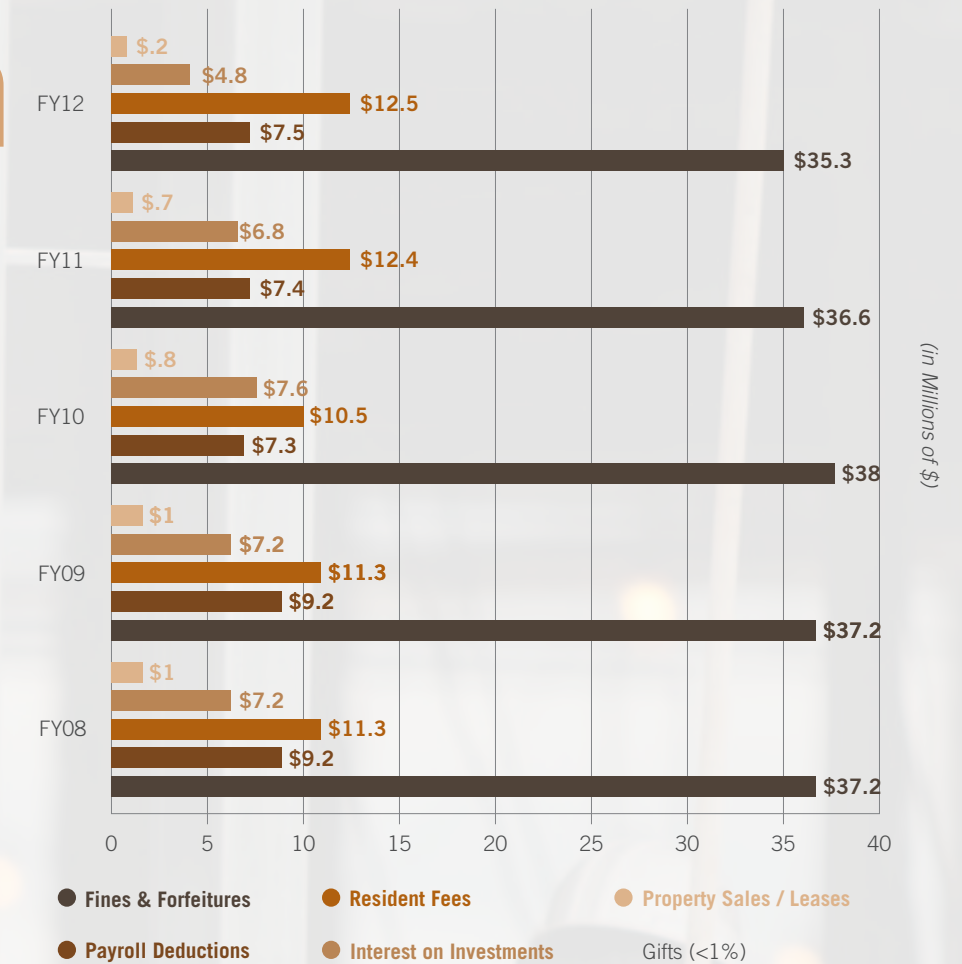


## AFRH 5-year Revenue Trend

### FY12 Budget: decreased from FY11

The Congressional Budget Request for FY12 totaled \$82.3 million (\$65.7 million in Operations & Management (O&M) and \$16.6M in Capital Improvements). Capital funding includes \$14.6M of supplemental money appropriated to repair damages at AFRH-W from the August 2011 earthquake.

FY11 marked the final year of growth in operating costs as the new Gulfport community began full operations on October 1, 2010. After two full years of successful service at AFRH-G, we have opened upper levels of care based on the needs of the population.



The FY12 Budget Request contained a decrease of \$3.4 million in O&M due to increased efficiencies and cost reductions. The AFRH did receive an extra \$14.6 million from Congress to renovate Sherman Building and repair other serious damages resulting from the August 2011 earthquake. This figure was in addition to the \$2 million annual budget line item for AFRH capital improvements.

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ONCE CONSTRUCTION IS COMPLETE, WE'LL BE LIKE ONE BIG, HAPPY FAMILY.

— John Porter (Air Force)



## AFRH TRUST FUND: SOLVENT

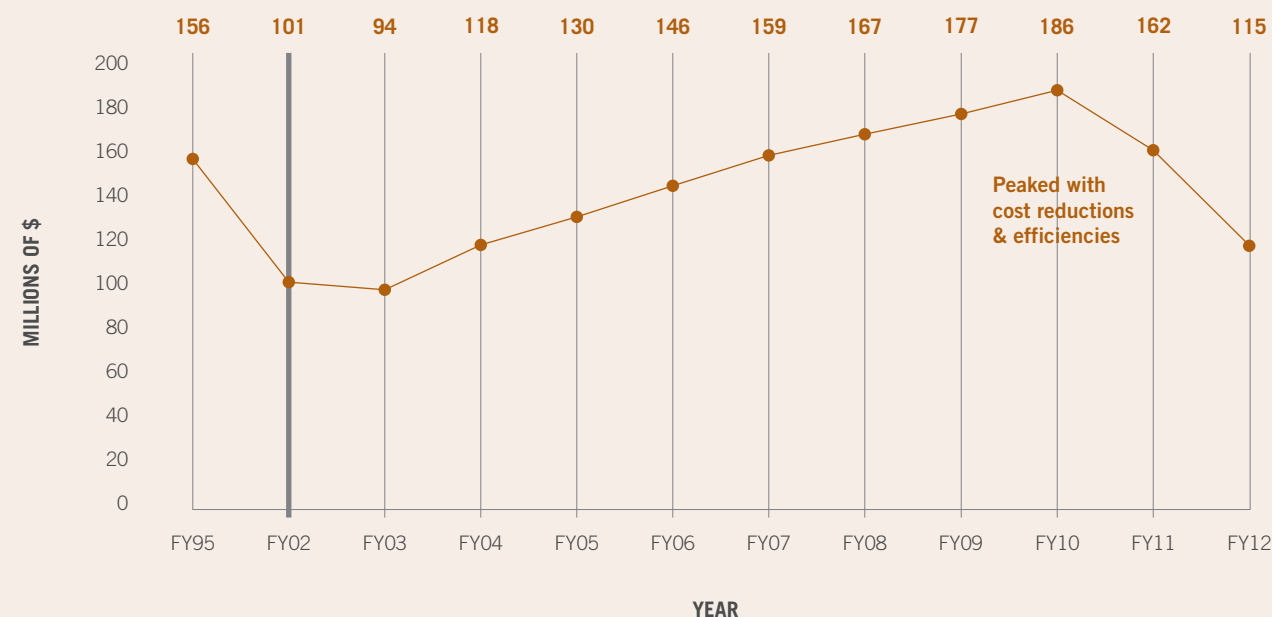
The 2012 Trust Fund Solvency analysis concludes that the Trust Fund is solvent (given several base case assumptions). Over this past decade, AFRH management has substantially reduced operating costs while taking on several major construction projects. This, too, has kept the AFRH Trust Fund in solvency.

Moving forward, one key assumption is that management will be successful in selling or even leasing land on the campus at AFRH-W. This action will provide a much-needed, substantial boost to the Agency’s long-term fiscal solvency.



## TRUST FUND BALANCE REFLECTS SCOTT PROJECT INVESTMENTS.

Ending Net Position: *Slight Decrease*



“THE MOST CREATIVE ITEM I’VE SEWN IS A DRESS FOR MY GRAND-DAUGHTER AT AGE SIX.

— Jo Colvard (Army)



In 1943, Jo volunteered for the Women’s Auxiliary Army Corps because: “I wanted to do something worthwhile.” Afterwards, she met her husband, moved to San Diego, and adopted a son.

To save money, Jo sewed her husband and son’s clothes. In fact, she even took an adult education course to learn how to design her own clothing. “Now, I order clothes from a catalogue!,” she jokes. That may be—but Jo still volunteers in the sewing room each Friday here at AFRH-W.

Jo also creates beautiful Christmas ornaments as well as decorative beaded flowers for her fellow residents. Plus, she always attends her weekly Women’s Group meetings to share jokes and philosophical quotes. Altogether, she and her husband have lived at AFRH-W for 20 years. In reflecting upon her 92 years, Jo says, “It’s been a great life! It couldn’t possibly have been better.”



# DELIBERATE REPORTING

THE INDEPENDENT ACCOUNTING FIRM BROWN & COMPANY, CPAs, PLLC, EXPRESSED AN 'UNQUALIFIED OPINION' ON THE AFRH COMPARATIVE FY12 AND FY11 FINANCIAL STATEMENTS, BALANCE SHEET, STATEMENT OF NET COST, STATEMENT OF CHANGES IN NET POSITION, AND THE STATEMENT OF BUDGETARY RESOURCES. FURTHERMORE BROWN & COMPANY DID NOT REPORT ANY MATERIAL WEAKNESSES FOR AFRH IN FY12.

AFRH management, in partnership with BPD, is accountable for the integrity of all fiscal information presented in this Report. All financial statements and data have been prepared from the AFRH accounting records in conformity with the Generally Accepted Accounting Principles (GAAP) as defined by the CFO's Act of 1990 and OMB.



## 8TH CONSECUTIVE UNQUALIFIED OPINION

### Modern Audit Results:

FY12	Unqualified
FY11	Unqualified
FY10	Unqualified
FY09	Unqualified
FY08	Unqualified
FY07	Unqualified
FY06	Unqualified
FY05	Unqualified
FY04	(N/A)

### Limitations of the Principal Financial Statements

Our Statements have been prepared to report the financial position and operating results of the AFRH, pursuant to the requirements of 31 U.S. 315(b). They were prepared following GAAP. These Statements are in addition to financial reports prepared from the same books and records used to monitor and control budgetary resources. They should be read with the understanding they are for a component of the US Government, a sovereign entity.

## BALANCE SHEET

### Assets & Liabilities Changing

Net Position is the current value of the Agency's assets less liabilities. Our Net Position at the end of FY12 (per the Balance Sheet) was \$442 million: a \$3 million decrease from the last fiscal year. This decrease reflects investments for the ongoing Scott Project that came out of the AFRH Trust Fund. The increase in Liabilities is due, in part, to accounts payable for the construction projects at AFRH-W.

### Assets:

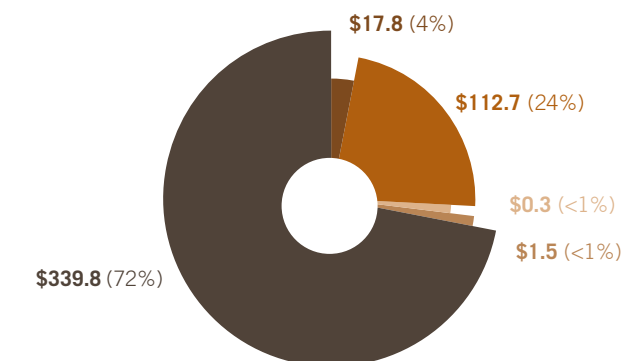
FY12	FY11	Net changes:	% Change
\$ 472,055,496	\$ 462,654,637	\$ 9,400,859	+2%

### Liabilities:

FY12	FY11	Net changes:	% Change
\$ 29,808,490	\$ 17,636,058	\$ 12,172, 432	+69%

### AFRH Assets for FY12

(In Millions of \$)



● Property, Equipment, & Software, Net

● Fund Balance with Treasury

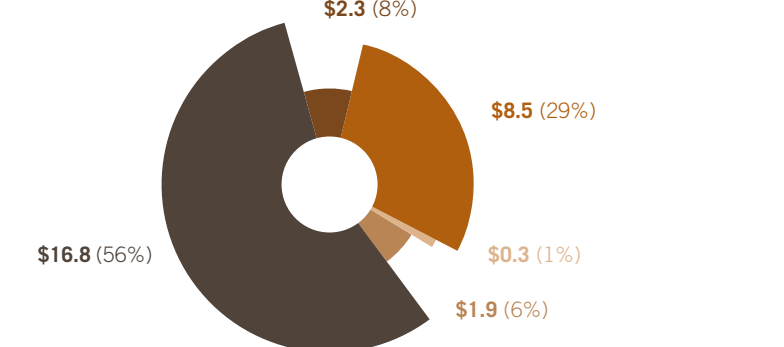
● Investments

● Accounts Receivable, Net

● Accounts Receivable

### AFRH Liabilities for FY12

(In Millions of \$)



● Federal Employee & Veterans' Benefits

● Other Note 8

● Accounts Payable

● Intragovernmental Other Note 8

● Intragovernmental Accounts Payable

## STATEMENT OF NET COST

### Aligning Costs with Strategic Goals

Since FY09, the AFRH has tracked all expenditures back to its Strategic Goals via its accounting system. In FY11, we consolidated and evolved our Strategic Goals into Key Strategic Performance Goals. Albeit, our accounting system does not reflect this change, as of yet. (NOTE: Past trend data in this chart reflects past AFRH Strategic Goals).



Historically, we invest the most in Exceptional Service. (In Millions of \$)

PAST STRATEGIC GOALS	FY09	FY10	FY11
Culture of Integrity	\$1.5	\$2.8	\$3.6
Exceptional Service	\$50.6	\$48.5	\$49.8
Financial Growth	\$0.0	\$0.3	\$0.2
Improved Processes	\$8.0	\$8.4	\$9.7
Learning and Growth	\$0.0	\$0.2	\$0.9

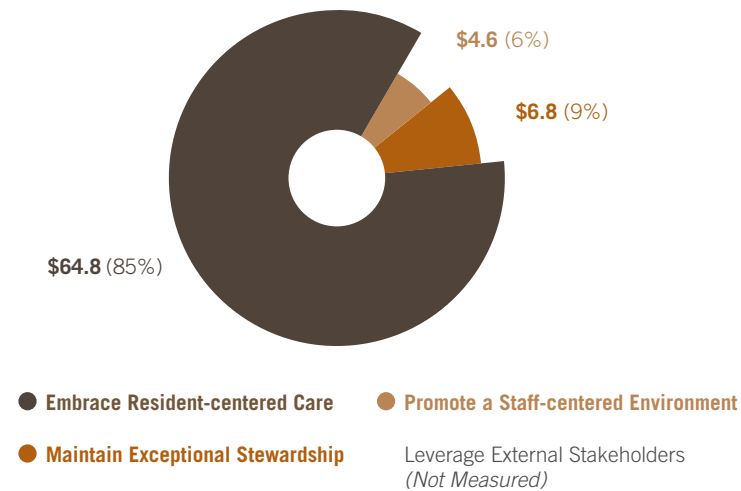


Today, we follow 4 Key Strategic Performance Goals:

- 1 Embrace Resident-centered Care
- 2 Maintain Exceptional Stewardship
- 3 Promote a Staff-centered Environment
- 4 Leverage External Stakeholders

#### AFRH FY12 Net Costs by new Strategic Goals

(In Millions of \$)



We derive the amount spent by mapping old strategic goals to the new Key Strategic Performance Goals. Yet, in FY12, the new goal Leverage External Stakeholders was not measured.

#### Statement of Changes in Net Position

This Statement points out the items that changed our net position (from the beginning of FY12 to the end). AFRH income actually increased because we received an unexpected budget appropriation to pay for earthquake damage to the historic Sherman Building and other earthquake-related damages.

#### Statement of Budgetary Resources

This Statement presents the budgetary resources as of September 30, 2012 and September 30, 2011, along with their status. The AFRH reported total budgetary authority of \$133.2 million on September 30, 2012 as compared to \$175.4 million on September 30, 2011.

“THE STAFF HERE JUST OVER-INDULGES US.”

— Ray Eckert (Air Force)

Art is just one of many engaging activities available to residents at AFRH. Ray only began painting eight years ago. Now, he loves his art classes and attends twice a week. Moreover, his talent has truly flourished. Weekly assignments are required for each class. Plus, Ray works on side projects in the studio a few hours a day.

For Ray, art is recreational but also thought-provoking: “Painting gets you away from it all. It’s a real challenge: you visualize it, you think about it, and then you paint it.” He appreciates the instructor, Milton, for constantly developing each student’s individual talents.

“

AFRH CAN PROVIDE REASONABLE ASSURANCE THAT FMFIA OBJECTIVES ARE MET. — Steven G. McManus (COO)

#### MANAGEMENT LETTER OF ASSURANCE

The AFRH is in full compliance with all applicable requirements in accordance with the Federal Managers’ Financial Integrity Act (FMFIA), PL No. 97-255 Section 2, and OMB Circular A-123 – Management’s Responsibility for Internal Control. AFRH managers, along with our partners BPD and the National Finance Center (NFC), actively participate in all Internal Controls (ICs).

Based on our annual analysis, the AFRH can provide reasonable assurance FMFIA objectives are met. Also, no material weaknesses have been reported in our ICs or financial reporting. Given our comprehensive management controls, I am pleased to certify with reasonable assurance that:

- » AFRH financial reporting is reliable. Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with GAAP. Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- » AFRH ICs are effective for both the financial reporting through our partner BPD and for our campus operations through our corporate ICs Board
- » AFRH is in compliance with all applicable laws and regulations under FMFIA, FFMIA, and FISMA. Financial and business exchanges are executed in accordance with laws governing the use of budget authority as well as laws and regulations that could have a direct and material effect on the financial statements
- » AFRH performance reporting is reliable. Performance measures are properly recorded, processed, and summarized to permit information preparation per criteria established by AFRH management

Further, CARF inspectors have verified that several financial ratios are above the median, which indicates that the AFRH is a healthy, strong organization that is embracing industry standards.

Steven G. McManus

AFRH COO  
November 15, 2012



# RESPONSIVE SAFEGUARDS

THE AFRH STRATEGY INCLUDES A GOAL TO MAINTAIN EXCEPTIONAL STEWARDSHIP SO THAT WE MAY CAREFULLY PRESERVE ALL OF THE RESOURCES ENTRUSTED TO US. MANAGEMENT AIMS TO BE AS COST EFFECTIVE AND EFFICIENT AS IT POSSIBLY CAN BY USING A VARIETY OF METHODS IN COMPLIANCE WITH FEDERAL REGULATIONS. CITED BELOW ARE A VARIETY OF WAYS THAT WE PROACTIVELY MANAGE STEWARDSHIP.

## INTERNAL CONTROLS (ICs)

Rigorous measures are integrated into our financial reporting system, via BPD and NFC. An AFRH Senior Assessment Team (established by the CFO) has maintained oversight of our ICs program since 2006. Each manager on this Team reports his or her controls through an annual survey. The AFRH can provide qualified assurance that ICs over financial reporting were operating effectively as of Sep 30, 2012.

### CATEGORIES OF ICs *(required by law):*

- 1 Control Environment:** maintaining a strong organizational structure & culture
- 2 Risk Assessment:** identifying risk factors that may hinder objectives
- 3 Control Activities:** creating proactive policies, procedures & mechanisms
- 4 Information & Communications:** maintaining an effective flow of information
- 5 Periodic Monitoring:** holding regular assessments of all controls on an ongoing basis

## FEDERAL MANAGER'S FINANCIAL INTEGRITY ACT (FMFIA)

This Act requires each agency to report the health and integrity of its financial, program, and related activities. It ensures that resources are consistent with the overall mission, that programs achieve intended results, and that both are free of waste, fraud, and mismanagement.

Further, the Agency COO must ensure that laws and regulations are followed and that fiscal management complies with Federal standards. FMFIA sets requirements for ICs and requests yearly evaluation of agency control and financial systems to protect their integrity. The AFRH performs these evaluations annually and is pleased to report no 'material weaknesses' have been detected in FY12.

An independent audit was performed on BPD's financial management systems (i.e., the controls placed on the financial management systems). This assurance via Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization, validates the integrity of AFRH management controls and our compliance with Federal financial systems standards.

## FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)

Federal agencies are required to provide reliable, consistent disclosure of data per GAAP. For FY12, the AFRH is in substantial compliance of FFMIA. BPD-ARC established our accounting process; it is also in compliance and exercises internal controls. Based on Agency assessment and the audit opinion, the AFRH is in compliance with Federal financial management systems requirements, the Federal Accounting Standards Advisory Board, and the US Standard General Ledger (USSGL) at the transaction level.

### THE AFRH IS FFMIA COMPLIANT AT AGENCY & AUDITOR LEVELS VIA:

- 1 Overall substantial compliance**
- 2 System requirements**
- 3 Accounting standards**
- 4 USSGL at Transaction Level**

## FEDERAL INFORMATION SECURITY MANAGEMENT ACT (FISMA)

FISMA requires a competence review of information security and privacy policies, procedures, and practices. One of its primary objectives is to ensure the effectiveness of information security controls. The AFRH has worked tirelessly to transition to a FISMA-compliant environment starting in FY09.

Department of Interior (DOI) NBC, through a Memorandum of Understanding, provides FISMA-compliant desktop support and hosting services consolidation for all IT services. In FY10, the AFRH-W campus became operational, and in FY11 AFRH-G came online.

### NBC's SUPPORT INCLUDES:

- » Applying relevant updates or patches
- » Configuring servers & user accounts securely
- » Installing / operating firewalls & network monitoring tools
- » Providing virus defense & incident response
- » Offering periodic vulnerability assessments, and
- » Ensuring a complete Network Interconnect Agreement

The AFRH had a Certification & Accreditation conducted on its IT Infrastructure. It was granted full Authority to Operate (ATO) in FY12 after successfully completing this process.

### FINANCIAL MANAGEMENT SYSTEMS

The AFRH uses financial systems via its partner BPD-ARC (Oracle financials 11i, Oracle Assets, PRISM, and WebTA). ARC personnel operate and maintain this system, ensuring top-notch support. Plus ARC staff provide value-added services that interface with Oracle Federal Financials (such as procurement, e-payroll, purchase card, e-travel, Federal investment, and IPAC transactions). ARC is responsible for the financial integrity and security of this system. Yet, NFC handles payroll transactions, and these are integrated with the above-mentioned systems.



## COMPLIANCE

With the National Defense Authorization Act of FY09, the AFRH was required to secure and maintain accreditation by a nationally recognized civilian entity for every aspect of each facility (including medical and dental care, pharmacy, IL, AL, and nursing care). The AFRH maintains a national accreditation and must be inspected annually. In the years the accrediting entity does not inspect, the DoD IG assesses the Agency. AFRH-G was inspected for the first time both by CARF and the DoD IG with very positive outcomes.

## DOD IG INSPECTION:

FY12 was the year that CARF did not inspect. So, the DoD IG inspection team reviewed corporate as well as both campuses in August and September 2012. Results were not available at the close of this fiscal year and will be reported in the FY13 PAR.

The AFRH is also under an inspection schedule by OPM for its human capital goals and progress. Also, the AFRH Advisory Council has an annual assessment. Both entities gave us positive comments and recommendations.

## CARF / CCAC ACCREDITATION: (Valid 2008–2013)

CARF is the premier accrediting body for CCRCs. CARF helps ensure that retirement homes fulfill their promise of quality care to seniors. The AFRH achieved this accreditation in September, 2008 for a 5-year period ending in 2013. CARF performed inspections (corporate and campus) in September, 2010 for AFRH-W and for both AFRH-G and AFRH-W in 2011. Although there were no findings, written recommendations emphasized PCC, safety, breaking down silos, and more definitive guidelines for resident transitions.



“WE’RE GETTING SO MANY RESIDENTS INVOLVED IN GARDENING.”

— Charlie Jenkins (Navy)

Charlie nurtures the Gulfport garden project. Residents have planted geraniums, pansies, and tulips all over campus. Now, the group is planting pecan, pear, apple, and fig trees. “We call it our orchard,” Charlie says proudly. Eventually the Gulfport residents hope to have all of the fruits and vegetables that they harvest from their trees and gardens served at meals.

“THEY COULDN’T PRY ME OUT OF HERE WITH A SHOEHORN!”

— Frank Farr (Air Force)



Frank served 21 years in the Air Force as a tail-gunner on B66s and B52s. His love of powerful airplanes and flying into the wild blue yonder has certainly carried over into his life at AFRH-W.

“One day I was in the hobby shop and started playing around with this remote controlled airplane.” One test flight outside and Frank was hooked. So, he found a flyers club in Laurel, MD and drives up three times a week for meetings and to fly his sleek remote controlled plane in an open field.

Frank also enjoys exercise classes and water aerobics, and he’s looking forward to the new swimming pool once the Scott Building opens. Frank suffers from emphysema and gets out of breath quickly. So, he’s hoping to get a new heart valve soon...waiting on a wing and a prayer you might say. “After a swift recovery, I plan to get back to my normal routine.”





## Agency Risk Management

# VIGILANT PURSUITS

ANOTHER KEY CONTROL IS THE AFRH RISK MANAGEMENT PROGRAM. IT IS DESIGNED TO MINIMIZE RISK AND MAXIMIZE FINANCIAL STABILITY. AFRH IS A UNIQUE AGENCY IN THAT IT MUST CONTINUALLY SATISFY THE ONGOING DEMANDS OF TWO PROPERTIES, MANY REGULATORS, AND THOUSANDS OF RESIDENTS. SO, OUR RISK MANAGEMENT PROGRAM INCLUDES THREE KEY CATEGORIES (A-C BELOW) TO HELP MITIGATE THE MANY RISKS THAT NATURALLY ARISE IN THIS PARTICULAR BUSINESS ENVIRONMENT.

### A. Stewardship Endeavors

- » Reducing our footprint & related infrastructure
- » Revitalizing our valuable resident communities
- » Enriching staff knowledge & expertise
- » Right-sizing our population for better service
- » Seeking greater energy efficiencies, and
- » Streamlining our contracts' scope & needs

With these strategies as a guide, we have kept our construction projects on schedule and within budget. Plus, we have seen cost-savings in our dining contract, healthcare services, and campus operations.

### B. Trust Fund Strategies

The AFRH Long Range Financial Plan (LRFP) keeps a watch on the solvency of the AFRH Trust Fund. This Report cited that Fines & Forfeitures (more than 50% of AFRH revenue) have decreased since FY10. This is a significant risk, and therefore our risk analysis considers the long-term impact of this reduced revenue source on AFRH solvency.

The most vital source of AFRH Revenue under 'Sale / Lease / Other' is the projected sale of land at the Washington community before the end of 2015. Our forecast model assumes that such revenue will be available for investment in the year 2016.

STATUS: The updated 2012 LRFP verifies, with these assumptions, that **the Trust Fund is solvent.**

### C. Major New Projects

At the Corporate Level, the AFRH monitors expansive, long-term plans aimed at reducing risk and enhancing resident wellbeing. These plans include:

- |  |  |
|--|--|
| <p><b>1</b> The Scott Project</p> <p><b>2</b> The AFRH CIP</p> | <p><b>3</b> The Washington Master Plan</p> <p><b>4</b> Environmental Initiatives</p> |
|--|--|

# 1

## THE SCOTT PROJECT

All along, the goal of the Scott Project has been to drive down exploding maintenance costs on the Washington campus. Repairing the aging infrastructure of the old Scott Building would simply cost too much, and it would not maintain AFRH Trust Fund solvency.

### New cost savings will come from:

- ✓ Closing an old dining facility & its operations
- ✓ Decreasing custodial requirements
- ✓ Reducing facility maintenance
- ✓ Lowering the cost of all utilities
  - » Eliminating unneeded on-campus transport
  - » Reducing nursing staff by nearly 50%
  - » Closing the older LaGarde Building

The Scott Project meets the objective of a reduced footprint by eliminating 421,050 sq. ft. Further this Project propels AFRH towards several positive desired outcomes:

- ✓ Reduced Population at AFRH-W
- ✓ Revamped Contracts Strategy:
  - » Reduce the scope of services
  - » Set similar costs on each campus
- ✓ Refined AFRH-W Contracts:
 

» Facility maintenance	» Custodial
» Grounds maintenance	» Transportation
» Dining Services	» Nurse staffing
» Pharmacy & medical supplies	» Utilities
- ✓ Revitalized savings via ILP:
  - » Minimize growth of AL (AFRH-G)
  - » Reduce growth of AL (AFRH-W)



### Scott Project End Game:

- » Postures AFRH operations for positive Trust Fund Growth
- » Creates similar capacity & service between AFRH-G & -W
- » Finalizes the closure of 77 acres for future development
- » Lays a foundation to close the aging AFRH Heating Plant
- » Enhances wellness, which will reduce healthcare costs



AFRH LANDSCAPE GUIDELINES



## 2 THE AFRH CIP

A focal point of our risk management strategy is to reduce our footprint and optimize our infrastructure. The AFRH Capital Improvement Plan (CIP) supports this strategy by outlining 10 years of vital upgrades for both communities.

Positive outcomes include a smaller footprint in Washington, reduced environmental impacts, plus enhanced PCC and Aging in Place. The AFRH is truly committed to PCC. Yet, some of the AFRH buildings and services lag behind this vision and must be modified to produce a successful culture change.

While the AFRH has created a Long Range Financial Plan (LRFP) to keep track of changing economic forecasts to ensure Trust Fund solvency, management now has specific plans for each campus to achieve this vision.

In FY11, we created a comprehensive 10-year CIP featuring four Volumes. Volume I is an Agency overview of the needs, timelines, and priorities. Volumes II and III are the individual community projects. And finally, Volume IV is the LRFP.

Originally, we developed the CIP by working with each community to develop a vision of its unique needs. Each CIP Volume includes a compilation of various development projects with detailed descriptions, dependencies, compliance requirements, and estimated costs. These Plans align with the LRFP and its capital improvement budget forecasts.

In FY12, an Update to the CIP's four Volumes was completed. Elements from a Master Landscape Plan and a Strategic Sustainability Plan were added to each community's Volume. Our residents assisted local experts in landscaping and environmental efficiencies to develop these Plans. Landscape projects for trails, gardens, and water usage are now classified under Outdoor Programming in each Volume. Furthermore, Environmental Initiatives are also programmed.

The Updated LRFP considers detailed forecasts of efforts to reduce operating costs and improve resident wellness. The Update also recalculates the Trust Fund balance projection using a variety of future economic scenarios such as inflation, interest rates, and revenue reduction (from active duty personnel).

BOTH HOMES ARE READY FOR THE NEW LANDSCAPE PLANS



## 3 WASHINGTON MASTER PLAN

The National Defense Authorization Act for FY02 (as modified by Public Law 111-084) permitted the AFRH, via DoD, to sell, lease, or otherwise dispose of under utilized buildings and property. So, we launched the Washington Master Plan as the basis of the AFRH risk management strategy. The focus of this Plan is to preserve and improve the Home for residents as well as to generate additional revenue for the Trust Fund.

Given the changing economic conditions beginning in 2008, we had to shift our focus from revenue generation to infrastructure improvements. We mothballed facilities within the 77-acre development area (Zone A), and we closed buildings that were not effectively serving residents. Plus, we initiated the shutdown of the Power Plant, the remapping of utility grids, and the revitalization of key historic buildings.

During FY11, the Army Corps of Engineers was engaged to evaluate the designated Zone A (per the June 2010 Presidential Memorandum: Disposing of Unneeded Federal Real Estate). The next assessment: some acreage could potentially be offered for sale to generate vital revenue. Throughout FY12 the Corps, in partnership with GSA, appraised this real estate for its market value. Per our LRFP, we expect to sell or lease the property by 2015.



Zone A: Set for redevelopment income.



## 4

## ENVIRONMENTAL INITIATIVES

This year, the AFRH has made tremendous strides incorporating sustainability into many aspects of Agency operations. These efforts address Federal energy and sustainability mandates, plus they help us reduce energy, water, and waste. Moreover, sustainability also reinforces our commitment to PCC.

In the coming year, the AFRH will continue to implement sustainability practices in its core Agency operations. Under Federal mandates (Executive Orders 13514 and 13423), the AFRH completed its first comprehensive evaluation of energy usage and greenhouse emissions in FY12.

AFRH-G received certification for LEED Silver in 2011. This year we are pleased to report AFRH-G has earned the distinction of LEED Gold. Now, an AFRH-W construction goal under the Scott Project is to earn LEED Gold certification for the new Scott Building and Golf Clubhouse.

The AFRH Senior Sustainability Officer (SSO) is responsible for compiling the Strategic Sustainability Performance Plan (SSPP) and then reporting back

under Executive Orders 13514 and 13423. The SSO's duties include supervising facilities, operations, and maintenance of both communities, plus the rollout of any energy and water-efficiency measures. The SSO also coordinates the implementation of the SSPP along with any Agency environmental initiatives.

The Agency has many sustainability initiatives in progress, and we are now assessing where these activities correspond to Federal Greenhouse Gas and sustainability requirements. All AFRH environmental initiatives are recorded and tracked in the CIP.

In FY11, an investment-grade audit was performed on three buildings at AFRH-W—the Sherman, the Sheridan, and Quarters 2. New projects arose from this audit, and they are now incorporated into the CIP Update. Finally, The AFRH submitted its inaugural Strategic Sustainability Report in FY12. Altogether, our new energy-saving efforts, combined with a reduced footprint at AFRH-W, will help the AFRH preserve resources AND reap maximum savings.

## AFRH KEY ENERGY GOALS:

- » 30% reduction in energy intensity by 2015 (2003 baseline)
- » 26% reduction in water intensity by 2020 (2007 baseline)
- » 22% annual reduction of petroleum product usage by vehicle fleets thru 2020 (2005 baseline)
- » Reduce waste generation & increase recycling
- » Reduce toxic & electronic waste
- » Increase renewable energy usage



“OUR PLAN FOR GULFPORT IS TO PUT IN BLOOMING GARDENS AND TREES.”

— Bill Parker (Air Force, AFRH-G RAC Chair)



**B**ill is both a nature lover and a charming socialite. Born on the Bayou, Bill is well connected—like any strong tree with deep roots. He explained how the greening of AFRH-G takes some nurturing.

“Well, The Mississippi Renaissance Garden Foundation has a mission to put gardens all across the Gulf Coast—and we got involved, too,” explains Bill. “Moreover, The Mississippi State Extension Service helped us start rooftop gardens, which help the environment and keep the heat out.”

Soon, residents will have a forest featuring memorial and fruit trees alongside their garden of organic fruits and vegetables. They’ve even connected with someone who makes certified organic compost. “It’s a big plan and starts with irrigating the water,” says Bill.

This garden project is another creative and physical outlet for residents who have a green thumb, want to learn gardening, or simply want to go green. “We have many residents involved. It’s about them—keeping them busy. Gardening is good therapy.”